

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AID-05 CEA-01 CIAE-00 COME-00  
EB-08 EA-12 FRB-01 INR-10 NEA-11 NSAE-00 ICA-20  
OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01 OMB-01 SS-15  
STR-07 L-03 OIC-02 HEW-06 OES-07 /149 W  
-----113113 161646Z /46

R 161432Z MAY 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 1547  
USDA/WASHDC  
INFO ALL OECD CAPITALS  
AMEMBASSY BELGRADE  
USMISSION GENEVA

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USOECD

USEEC

AGRICULTURE PASS DEP ASST SEC SCHUH, ASST SECRETARY  
HATHAWAY AND MAX WITCHER, IOA/FAS

SUBJ: WP NO. 1 (AG POL) MEETING, 8-10 MAY 1978

SUMMARY. REPORT ON PERI-URBAN AGRICULTURE HAILED AS  
FIRST PRODUCED BY OECD AGDIR TO CARRY EXPLICIT POLICY  
RECOMMENDATIONS. UK TO CALL FOR STUDY OF AGRICULTURAL  
AND CONSERVATION/ENVIRONMENT POLICIES IN NEXT COMM FOR  
AGR MEETING. SYSTEM APPROACH TO STUDY OF ISSUES  
FACING THE FOOD ECONOMY OF MEMBER COUNTRIES ENDORSED  
IN PRINCIPLE BUT FURTHER DEFINITION OF PRIORITIES  
NEEDED. US FOOD STAMP PROGRAM DISCUSSION IN WP1  
OF INTEREST TO PARTICIPANTS. AGDIR AND SOME DELEGATES  
WANT ANALYSIS TO WEIGH MORE HEAVILY IN FUTURE STUDIES.  
END SUMMARY.

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1. OFFICERS ELECTED FOR WP1 WERE POPP (SWITZERLAND)  
CHAIRMAN AND LEGER (FRANCE) AND HINTIKKA (FINLAND)  
VICE-CHAIRMEN.
2. REPORT ON PERI-URBAN AGRICULTURE WAS DISCUSSED  
AND AMENDED FOR TRANSMISSION TO THE COMM FOR AG HOPE-

FULLY NEXT WEEK WITH RECOMMENDATION FOR DERESTRICT-  
TION AND PUBLICATION. DISCUSSION LED BY US DEL  
SCHUH CHANGED TONE OF TEXT IN SEVERAL PLACES AWAY FROM  
STRONG AGRICULTURAL FUNDAMENTALIST PERSPECTIVE TO  
A MORE BALANCED VIEW. UNIQUE ASPECT OF THIS REPORT  
IS THAT IT IS THE FIRST OF ITS KIND IN OECD AGRI-  
CULTURAL HISTORY TO CARRY SPECIFIC POLICY  
RECOMMENDATIONS, AGRICULTURAL DIRECTORATE HOPING  
TO ESTABLISH THE PRINCIPLE FOR FUTURE REPORTS.  
RECOMMENDATIONS WILL ALSO BE FLOATED TO THE ENVIRON-  
MENT COMMITTEE FOR COMMENT SINCE THEY MAY HAVE  
IMPLICATIONS FOR WORK IN THAT COMMITTEE PROPOSED BY  
SEC VANCE ON URBAN DECAY AND MEASURES FOR URBAN  
VIABILITY.

3. UK WILL TABLE PROPOSAL TO COMM FOR AGR NEXT  
WEEK FOR OECD TO STUDY AND MAKE RECOMMENDATIONS ON  
TOPIC OF AGRICULTURE AND CONSERVATION POLICIES, I.E.  
HOW TO ACHIEVE PROGRESSIVE, PRODUCTIVE, EFFICIENT  
AGRICULTURE WITHIN THE GROWING ENVIRONMENTAL/CONSER-  
VATION CONSTRAINTS.

4. THE OUTLINE OF A STUDY PROPOSAL ON ISSUES FACING  
THE FOOD ECONOMIES OF OECD MEMBER COUNTRIES WAS  
DIFFICULT FOR WP 1 TO DISCUSS AND PROVIDE DIRECTION  
ON TO THE AG DIRECTORATE. THE OUTLINE TOOK A  
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SYSTEMS PERSPECTIVE AND IN ITS PRESENT FORM LACKS  
FOCUS AND A SENSE OF PURPOSE AND PRIORITY. WHILE  
DELEGATES APPLAUDED THE BROAD SYSTEM PERSPECTIVE  
THEY SUGGESTED A BEGINNING FOCUS ON A SUB SET  
OF ISSUES, LIKELY ON CONSUMER FOOD AND NUTRITION  
POLICIES. BELGIUM SUPPORTED BY FRANCE AND UK SUG-  
GESTED REFERRING THE OUTLINE FOR DISCUSSION IN THE  
COMM FOR AGR NEXT WEEK. AG DIRECTORATE WILL PREPARE  
SHORT NOTE SUMMARIZING WP1 DISCUSSION FOR DELIVERY  
ALONG WITH ORAL REPORT TO COMM FOR AGR UNDER OTHER  
BUSINESS NEXT WEEK. AGDIR WILL ALSO PREPARE MORE  
DETAILED OUTLINE FOR DISCUSSION AT JUNE WP1 MEETING.  
GERMANY PROPOSED A SERIES OF COUNTRY NOTES ON FOOD  
POLICIES FROM MEMBER COUNTRIES THEMSELVES AS BACK-  
GROUND FOR THE AG DIR. THIS PROPOSAL WILL ALSO LIKELY  
BE DISCUSSED AT COMM FOR AGR.

5. REPORT ON CONSUMER FOOD POLICIES: SELECTED  
COUNTRY EXAMPLES WERE DISCUSSED. COUNTRY EXAMPLES  
INCLUDED PRICE SUBSIDY POLICIES IN UK, SWEDEN, AND  
NORWAY AND AN INCOME GRANT POLICY IN THE U.S., THE  
FOOD STAMP PROGRAM. STRONG INTEREST WAS SHOWN IN

THE FOOD STAMP PROGRAM - ADMINISTRATIVE COSTS,

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-----113551 161644Z /46

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ADMINISTRATIVE CONTROL PROCEDURES, EFFECTIVENESS IN  
IMPROVING NUTRITION AND EXPANDING AGRICULTURAL DEMAND,  
WHETHER BUDGET COST AND NUMBER OF PARTICIPANTS MIGHT  
GET OUT OF HAND. DEL SCHUH POINTED OUT THAT THE FSP  
AS AN INCOME GRANT HAS ASPECTS SIMILAR TO A NEGATIVE  
INCOME TAX AS AN INCOME TRANSFER MEASURE AND THAT ITS  
MARKET DISTORTION EFFECTS ARE MINIMAL COMPARED TO SUCH  
EFFECTS FROM THE CONSUMER PRICE SUBSIDY POLICIES OF THE  
OTHER COUNTRY EXAMPLES. REPORT TO BE REVISED AND SENT  
TO COMM FOR AGR FOR DERESTRICTION BUT NOT FOR PUBLICA-  
TION.

6. IN CONNECTION WITH CONSUMER FOOD POLICIES, CANADA  
BRIEFLY EXPLAINED THEIR EXPERIENCE IN ATTEMPTING TO  
INCREASE DEMAND FOR MILK POWDER BY CONSUMER PRICE SUB-  
SIDY. EXTREMELY INELASTIC CONSUMER RESPONSE WAS NOTED  
FROM THIS EXPERIMENT. MORE DETAIL WILL BE SUBMITTED  
BY CANADA FOR INCLUSION IN A FUTURE STUDY.  
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7. OBSERVATIONS. A. UK COMMENTED IN PASSING THAT THE GREEN POUND CONTROVERSY IN THE UK IS SEEN AS A CONFLICT BETWEEN FOOD CONSUMER AND AGRICULTURAL PRODUCER INTERESTS. B. THE EC DEL AT WP1 MAINTAINED AN EXTREMELY LOW PROFILE WITH ONLY SIGNIFICANT REMARK MADE DURING DISCUSSION OF STUDY PROPOSAL ON ISSUES FACING FOOD ECONOMIES WHICH WAS TO SUGGEST CAUTION ABOUT EMBARKING ON POLITICAL-ANALYTICAL STUDIES. OTHER COUNTRIES SHOWED INTEREST IN MOVING TOWARD MORE ANALYSIS AND RECOMMENDATION RATHER THAN THE PAST PURELY DESCRIPTIVE STUDY MADE. AG DIR WAS ALSO PUSHING IN THIS DIRECTION. C. SEVERAL COUNTRIES, NOTABLY UK, AUSTRALIA, CANADA, GERMANY, DENMARK MADE COMMENTS FAVORING EFFICIENCY AS AN IMPORTANT CONCEPT IN POLICY STUDIES. D. AG DIR IS INCREASING THEIR INTEREST IN FOLLOWING DEVELOPMENT OF NORTH-SOUTH ISSUES. THE ANNUAL AGRICULTURAL POLICY REVIEW WILL CONTINUE AS A PERMANENT FEATURE A SECTION ON TRENDS IN NON-OECD AREAS, BOTH LDC'S AND EASTERN BLOC COUNTRIES.

7. NEXT WP1 MEETING, 26-28 JUNE 1978.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MEETINGS, AGRICULTURAL AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978PARIS15446  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780206-0930  
**Format:** TEL  
**From:** PARIS USOECD  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780554/aaaabtqs.tel  
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**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
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**Review Exemptions:** n/a  
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**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2678359  
**Secure:** OPEN  
**Status:** NATIVE  
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**TAGS:** EAGR, OCON, FR  
**To:** STATE AGR  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014